

nebraska
department
of revenue
P.O. BOX 98911
LINCOLN, NE 68509-8911

Taxpayer Assistance
1-800-742-7474 (toll free in Nebraska
and Iowa) or 1-402-471-5729

2006 NEBRASKA INDIVIDUAL ESTIMATED INCOME TAX PAYMENT VOUCHERS Form 1040N-ES

The **2006 Nebraska Individual Estimated Income Tax** booklet, Form 1040N-ES, has been updated on the Department's Web site for tax cut changes made due to passage of **LB 968** in the 2006 Legislative session. You may wish to recalculate your estimated tax for 2006 in light of these changes and adjust your remaining estimated payments accordingly.

The Department is emphasizing that taxpayers need to ensure that adequate estimated payments are made in order to avoid underpayment of estimated tax penalties.

Changes include some new **income tax brackets**, a new **Nebraska refundable earned income tax credit** equal to 8 percent of the federal earned income tax credit, and **elimination of the phase-outs for the Nebraska personal exemption credit and the Nebraska standard deduction**. Taxpayers whose federal itemized deductions are limited federally will be able to deduct their federal itemized deductions as limited, less any state or local income tax.

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8-014-2005 Rev. 6-2006

INSTRUCTIONS

WHO MUST MAKE ESTIMATED PAYMENTS. A Nebraska Individual Estimated Income Tax Payment Voucher, Form 1040N-ES, must be filed by every resident and nonresident of Nebraska if the individual's Nebraska income tax after allowance of personal exemption credits can reasonably be expected to exceed withholding and other credits by \$300 or more. You do not have to pay estimated tax if you were a U.S. citizen or resident and you had no tax liability for the full 12-month preceding tax year. **If you are an employee with amounts being withheld from your earnings, you may ask your employer to withhold an additional amount for state taxes rather than making these four estimated income tax payments.**

WHEN AND WHERE TO FILE. The first payment voucher must be filed on or before April 17, 2006, or such later date as set out below in the instruction labeled "Changes in Estimated Tax." Mail the payment voucher with remittance to the Nebraska Department of Revenue, P.O. Box 98911, Lincoln, Nebraska 68509-8911. Mailing labels are enclosed for your convenience.

PAYMENT OF ESTIMATED TAX. The estimated tax may be paid in full with the first payment voucher or in equal installments on or before April 17, 2006; June 15, 2006; September 15, 2006; and January 16, 2007. Make checks or money orders payable to the Nebraska Department of Revenue. Please type or print your social security number on your check or money order. Checks written to the Department of Revenue may be presented for payment electronically. Credit cards are also now a payment option. See more information on this option later in this booklet.

FARMERS AND RANCHERS. If at least two-thirds of your gross income for 2005 or 2006 is derived from farming, ranching, or fishing, you may pay all of your estimated tax on or before January 16, 2007. You must then pay the entire amount of the estimated tax. If you file your Nebraska Individual Income Tax Return, Form 1040N, on or before March 1, 2007, and pay the total tax due at that time, you do not need to file an estimated tax payment for 2006.

OVERPAYMENT CREDIT FROM 2005. If you had an overpayment on your 2005 Nebraska Individual Income Tax Return and elected to apply it to your 2006 estimated income tax, the amount of that overpayment may be applied in full or in part to any installment.

JOINT PAYMENTS. A husband and wife may file joint payments of estimated income tax for Nebraska tax purposes. Joint payments may not be filed if they are separated under a decree of either divorce or separate maintenance or if they have different taxable years. If joint payments are filed but a joint return is not filed for the taxable year, the estimated tax for such year may be divided between husband and wife in such manner as they may agree. This agreement should be signed by both taxpayers and a copy attached to each return.

If estimated payments have been made under a spouse's social security number and this spouse dies during the year for which the estimated payments are being made, please indicate "deceased" and give the date of death next to the social security number. Verify that the surviving spouse's name and social security number are correct on Form 1040N-ES and indicate what social security number is to be used in filing a Form 1040N-ES for the next year.

CHANGES IN ESTIMATED TAX. Even though your situation on April 15 is such that you are not required to file payments of estimated tax, your income may change so that you will be required to file estimated tax payments at a later date. In that case, the time for filing is as follows: June 15, if the change occurs after March 31 and before June 1; September 15, if the change occurs after May 31 and before

September 1; January 16, 2007, if the change occurs after August 31. The remaining installments can be made as outlined in the line 16 instructions on the estimated income tax worksheet.

You may use the Amended Computation Schedule to calculate your amended estimated tax if you find that your estimated tax is substantially changed. Show the amended estimated tax on line 1 of the next payment voucher filed.

FISCAL YEAR TAXPAYERS. Fiscal year taxpayers must report by the 15th day of the fourth, sixth, and ninth months of the fiscal year and the first month of the following fiscal year.

PENALTY FOR NOT PAYING ENOUGH ESTIMATED INCOME TAX. A penalty at the statutory rate is imposed for underpayment of estimated tax installments. The penalty is not due if you qualify for any of the exceptions listed on the Individual Underpayment of Estimated Tax, Form 2210N.

Each individual with an underpayment of the estimated tax must file a Form 2210N with their Nebraska Individual Income Tax Return, Form 1040N. The estimated tax has been underpaid if the payments (including withholding) are not equal to at least: 1) 90 percent (66 2/3 percent for farmers, ranchers, and fishermen) of the tax liability for the year after reduction by the credits other than withholding or estimated payments; 2) 100 percent of the tax shown on the return for the full 12-month preceding tax year if federal adjusted gross income was \$150,000 or less; or 3) 110% (the applicable federal percentage) of the preceding year's tax if 2005 adjusted gross income was above \$150,000.

Also, the penalty does not apply if you had no tax liability for the preceding tax year of 12 months, and you were a U.S. citizen or resident during that year.

HOW TO USE THE PAYMENT VOUCHERS:

NOTE: The prime social security number used when making estimated payments should also be used when filing Form 1040N.

1. Complete the estimated income tax worksheet to compute your 2006 estimated tax. If line 15 is less than \$300, estimated tax payments are not required, but may still be made. If 2006 federal adjusted gross income is expected to be more than \$150,500 (\$75,250 if married filing separate), then complete Worksheet A included in this booklet.
2. Enter the amount shown on line 15 of the estimated income tax worksheet on line 1 of the payment voucher.
3. Enter the amount shown on line 16 of the estimated income tax worksheet on line 2 of the payment voucher.
4. Enter on line 3 of the payment voucher the amount of overpayment from 2005 to be credited to the installment.
5. Enter on line 4 of the payment voucher the amount of payment (line 2 minus line 3). File the payment voucher only if you are making a payment of estimated tax.
6. Attach a check or money order to the payment voucher and mail it by the due date to the Nebraska Department of Revenue, P.O. Box 98911, Lincoln, Nebraska 68509-8911. Make appropriate entries in the Record of Estimated Tax Payments. **Be sure to enter your Social Security Number (and your spouse's number, if applicable) on the payment voucher(s) where indicated.**
7. For each later installment, complete lines 2, 3, and 4 of the payment voucher, attach remittance and mail. No installment is required when the amount of unused 2005 overpayment is equal to or greater than the amount of installment due.



Nebraska Individual Estimated Income Tax Worksheet

FORM
1040N-ES
Worksheet

1	Estimated federal adjusted gross income	1	
2	Estimated federal itemized deductions (line 28, Form 1040, Schedule A).....	2	
3	State and local income taxes (line 5a, Schedule A).....	3	
4	Nebraska itemized deductions (line 2 minus line 3).....	4	
5	Standard deduction (enter Nebraska standard deduction amount: Single \$5,130, Married-Joint \$8,580, Head of Household \$7,550, Married-Separate \$4,290)	5	
6	Enter the greater of line 4 or line 5.....	6	
7	Estimated Nebraska income before adjustments (line 1 minus line 6)	7	
8	Estimated Nebraska adjustments increasing federal AGI (non-Nebraska state and municipal bond interest).....	8	
9	Estimated Nebraska adjustments decreasing federal AGI (including federal bond interest)	9	
10	Estimated Nebraska taxable income (line 7 plus line 8, minus line 9)	10	
11	Estimated Nebraska income tax on line 10 amount (see 2006 Nebraska Estimated Tax Rate Schedule on the following page. If AGI is above \$150,500 (\$75,250 if married filing separate), enter amount from line 3 of Worksheet A).....	11	
12	Estimated Nebraska minimum or other taxes (total of taxes from Federal Forms 6251, 4972, and 5329; multiplied by .296).....	12	
13	Total estimated Nebraska tax (total of lines 11 and 12)	13	
14	Estimated Nebraska income tax withheld and other credits including: personal exemption credit; tax paid to another state (residents only); credits for child and dependent care expenses, and credit for the elderly or the disabled (residents and partial-year residents); and for all taxpayers—CDAA credit, Beginning Farmer credit, refundable earned income credit, Form 3800N refundable and nonrefundable credits, and Form 829N credit.....	14	
15	Nebraska estimated income tax (line 13 minus line 14)	15	
16	COMPUTATION OF INSTALLMENTS: If the original payment is due to be filed on: <ul style="list-style-type: none">• April 17, 2006, enter 1/4 of line 15 here and on line 2 of Payment Voucher Number 1.• June 15, 2006, enter 1/2 of line 15 here and on line 2 of Payment Voucher Number 2.• September 15, 2006, enter 3/4 of line 15 here and on line 2 of Payment Voucher Number 3.• January 16, 2007, enter amount on line 15 here and on line 2 of Payment Voucher Number 4.	16	

KEEP FOR YOUR RECORDS—DO NOT FILE AMENDED COMPUTATION SCHEDULE ON REVERSE SIDE

CREDIT CARD is an option for paying your estimated tax. Payments are originated through Official Payments Corporation (OPC). See the department's Web site for additional authorized payment originators, if any. **Eligible credit cards include VISA, MasterCard, Discover, and American Express. A convenience fee of 2.49% of the tax payment is charged to the card you use. This fee is paid to OPC and will appear on your credit card statement separately from the tax payment.** You will be told what the fee is during the transaction, and you have the option of cancelling the transaction. Secure credit card payments can be initiated over the Internet at www.officialpayments.com or via telephone at **1-800-2PAY-TAX**. If you initiate your credit card payment by telephone, you will need to provide the Nebraska Jurisdiction Code, which is **3700**. Follow instructions when asked to provide further information. At the completion of your transaction, you will be given a confirmation number for your records. Your transaction must be made on or before the due date to avoid penalty and interest. If paying by credit card, you do not need to mail in estimated income tax payment vouchers.

AMENDED COMPUTATION SCHEDULE

• Use if your estimated tax changes during the year

1 Amended estimated tax (enter here and on line 1 of the payment voucher).....	1	
2 Amount of 2005 overpayment elected for credit to 2006 estimated tax and applied to date.....	2	
3 Estimated tax payments made to date	3	
4 Line 2 plus line 3	4	
5 Unpaid balance (line 1 minus line 4)	5	
6 Amount to be paid (line 5 divided by number of remaining payments). Enter here and on line 2 of the payment voucher	6	

Record of Estimated Tax Payments

Payment Number	Installment Date	(A) Date Filed	(B) Amount Paid (Line 4 of Payment Voucher)	(C) 2005 Overpayment (Line 3 of Payment Voucher)	(D) Total Amount Paid and Credited (Col. B plus Col. C)
1	April				
2	June				
3	September				
4	January				
CLAIM THIS AMOUNT ON YOUR 2006 NEBRASKA INDIVIDUAL INCOME TAX RETURN, FORM 1040N. ►					TOTAL

NOTE: If you are not required to make an estimated tax payment on the first installment date, you may still have to make a payment at a later date. See instruction entitled, "Changes in Estimated Tax."

2006 Nebraska Estimated Tax Rate Schedule

(as Amended by LB 968)

USE ONLY FOR 2006 ESTIMATED TAX.

DO NOT USE THESE NEBRASKA ESTIMATED TAX RATE SCHEDULES TO COMPUTE ANY TAX RETURNS.

Subtract \$106 from the table calculation for each federal personal exemption allowed.

Single Taxpayer			Head of Household		
If line 10, 1040N-ES Worksheet is:		The Nebraska estimated tax is:	If line 10, 1040N-ES Worksheet is:		The Nebraska estimated tax is:
over —	but not over		over —	but not over	
\$ 0	\$ 2,400	2.56% of the income	\$ 0	\$ 3,800	2.56% of the income
\$ 2,400	17,500	\$ 61.44 + 3.57% of the excess over \$2,400	\$ 3,800	25,000	\$ 97.28 + 3.57% of the excess over \$3,800
\$ 17,500	27,000	\$ 600.51 + 5.12% of the excess over \$17,500	\$ 25,000	35,000	\$ 854.12 + 5.12% of the excess over \$25,000
\$ 27,000	—	\$ 1,086.91 + 6.84% of the excess over \$27,000	\$ 35,000	—	\$ 1,366.12 + 6.84% of the excess over \$35,000

Married Taxpayers Filing Joint Returns and Surviving Spouses			Married Individuals Filing Separate Returns		
If line 10, 1040N-ES Worksheet is:		The Nebraska estimated tax is:	If line 10, 1040N-ES Worksheet is:		The Nebraska estimated tax is:
over —	but not over		over —	but not over	
\$ 0	\$ 4,000	2.56% of the income	\$ 0	\$ 2,000	2.56% of the income
\$ 4,000	31,000	\$ 102.40 + 3.57% of the excess over \$4,000	\$ 2,000	15,500	\$ 51.20 + 3.57% of the excess over \$2,000
\$ 31,000	50,000	\$ 1,066.30 + 5.12% of the excess over \$31,000	\$ 15,500	25,000	\$ 533.15 + 5.12% of the excess over \$15,500
\$ 50,000	—	\$ 2,039.10 + 6.84% of the excess over \$50,000	\$ 25,000	—	\$ 1,019.55 + 6.84% of the excess over \$25,000

Worksheet A — Nebraska Estimated Tax

Use if your estimated 2006 federal adjusted gross income is more than \$150,500; (\$75,250 if married filing separate)

1	Nebraska Tax Table tax on line 10 estimated taxable income – Form 1040N-ES Worksheet.....	1	
2	Additional tax calculated from the rate schedule below (if adjusted gross income is greater than \$150,500; \$75,250 if married filing separate)	2	
3	Total tax (line 1 plus line 2). Enter on line 11, Form 1040N-ES Worksheet	3	

2006 Nebraska Additional Tax Rate Schedule

SINGLE TAXPAYER

If adjusted gross income is:		The tax to add is:			
over –	but not over				
\$ 150,500	\$ 174,500		0.428%	(.00428)	of adjusted gross income above \$150,500
\$ 174,500	325,500	\$ 102.72	+	0.327%	(.00327) of the excess over \$174,500
\$ 325,500	420,500	\$ 596.49	+	0.172%	(.00172) of the excess over \$325,500
\$ 420,500	—	\$ 759.89			

MARRIED TAXPAYERS FILING JOINT RETURNS AND SURVIVING SPOUSES

If adjusted gross income is:		The tax to add is:			
over –	but not over				
\$ 150,500	\$ 190,500		0.428%	(.00428)	of adjusted gross income above \$150,500
\$ 190,500	460,500	\$ 171.20	+	0.327%	(.00327) of the excess over \$190,500
\$ 460,500	650,500	\$ 1,054.10	+	0.172%	(.00172) of the excess over \$460,500
\$ 650,500	—	\$ 1,380.90			

MARRIED INDIVIDUALS FILING SEPARATE RETURNS

If adjusted gross income is:		The tax to add is:			
over –	but not over				
\$ 75,250	\$ 95,250		0.428%	(.00428)	of adjusted gross income above \$75,250
\$ 95,250	230,250	\$ 85.60	+	0.327%	(.00327) of the excess over \$95,250
\$ 230,250	325,250	\$ 527.05	+	0.172%	(.00172) of the excess over \$230,250
\$ 325,250	—	\$ 690.45			

HEAD OF HOUSEHOLD

If adjusted gross income is:		The tax to add is:			
over –	but not over				
\$ 150,500	\$ 188,500		0.428%	(.00428)	of adjusted gross income above \$150,500
\$ 188,500	400,500	\$ 162.64	+	0.327%	(.00327) of the excess over \$188,500
\$ 400,500	500,500	\$ 855.88	+	0.172%	(.00172) of the excess over \$400,500
\$ 500,500	—	\$ 1,027.88			

Enter the additional tax calculated from the tax rate schedule above on Worksheet B, line 2, above.

SPECIAL INSTRUCTIONS

If your estimated Nebraska taxable income is less than \$50,000, perform the following calculation. Subtract \$150,500 (\$75,250 if married filing separate) from your Federal Adjusted Gross Income, and multiply this difference by 10% (.10). If your line 10 estimated taxable income is less than the 10% difference calculated, enter 6.84% of line 10 income on line 3, Nebraska Estimated Tax Worksheet above; otherwise, complete the additional tax calculation above.



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**Nebraska Individual
Estimated Income Tax
Payment Voucher**

FORM 1040N-ES
2006

1 Estimated tax (or amended estimated tax) for the year ending _____. Complete if an original or amended computation.....

1 \$

2 Amount of this installment (line 16 of estimated tax worksheet or line 6 of Amended Computation Schedule)

2

3 Amount of overpayment from last year applied to this installment (and not applied to previous installments)

3 \$

4 Amount of this payment (line 2 minus line 3). Enter here and in your Record of Estimated Tax Payments.....

4

2 THIS INSTALLMENT IS DUE ON
OR BEFORE **JUNE 15, 2006.**

Name(s)

IMPORTANT: SSN(S) MUST BE ENTERED BELOW.

Street or Other Mailing Address

Your Social Security Number

Spouse's Social Security No.

City

State

Zip Code

- File only if you are making a payment of estimated tax.
- Fiscal year taxpayers — see instructions.
- If your estimated tax needs to be amended, use the Amended Computation Schedule.

Use enclosed labels to mail this voucher and payment to:

NEBRASKA DEPARTMENT OF REVENUE, P.O. BOX 98911, LINCOLN, NE 68509-8911

8-014-2005



nebraska
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of revenue

**Nebraska Individual
Estimated Income Tax
Payment Voucher**

FORM 1040N-ES
2006

1 Estimated tax for the year ending _____.
(line 15 of estimated tax worksheet)

1 \$

2 Amount of this installment (line 16 of estimated tax worksheet) ...

2

3 Amount of overpayment from last year (all or part) applied to this installment.....

3 \$

4 Amount of this payment (line 2 minus line 3). Enter here and in your Record of Estimated Tax Payments.....

4

1 THIS INSTALLMENT IS DUE ON
OR BEFORE **APRIL 17, 2006.**

Name(s)

IMPORTANT: SSN(S) MUST BE ENTERED BELOW.

Street or Other Mailing Address

Your Social Security Number

Spouse's Social Security No.

City

State

Zip Code

- File only if you are making a payment of estimated tax.
- Fiscal year taxpayers — see instructions.

Use enclosed labels to mail this voucher and payment to:

NEBRASKA DEPARTMENT OF REVENUE, P.O. BOX 98911, LINCOLN, NE 68509-8911

8-014-2005



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**Nebraska Individual
Estimated Income Tax
Payment Voucher**

FORM 1040N-ES
2006

1 Estimated tax (or amended estimated tax) for the year ending _____. Complete if an original or amended computation.....

1	\$	
---	----	--

2 Amount of this installment (line 16 of estimated tax worksheet or line 6 of Amended Computation Schedule)

2		
---	--	--

3 Amount of overpayment from last year applied to this installment (and not applied to previous installments)

3		
---	--	--

4 Amount of this payment (line 2 minus line 3). Enter here and in your Record of Estimated Tax Payments.....

4	\$	
---	----	--

4 THIS INSTALLMENT IS DUE ON
OR BEFORE **JANUARY 16, 2007.**

Name(s)

IMPORTANT: SSN(S) MUST BE ENTERED BELOW.

Street or Other Mailing Address

Your Social Security Number

Spouse's Social Security No.

City

State

Zip Code

- File only if you are making a payment of estimated tax.
- Fiscal year taxpayers—see instructions.
- If your estimated tax needs to be amended, use the Amended Computation Schedule.

Use enclosed labels to mail this voucher and payment to:

NEBRASKA DEPARTMENT OF REVENUE, P.O. BOX 98911, LINCOLN, NE 68509-8911

8-014-2005



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**Nebraska Individual
Estimated Income Tax
Payment Voucher**

FORM 1040N-ES
2006

1 Estimated tax (or amended estimated tax) for the year ending _____. Complete if an original or amended computation.....

1	\$	
---	----	--

2 Amount of this installment (line 16 of estimated tax worksheet or line 6 of Amended Computation Schedule)

2		
---	--	--

3 Amount of overpayment from last year applied to this installment (and not applied to previous installments)

3		
---	--	--

4 Amount of this payment (line 2 minus line 3). Enter here and in your Record of Estimated Tax Payments.....

4	\$	
---	----	--

3 THIS INSTALLMENT IS DUE ON
OR BEFORE **SEPTEMBER 15, 2006.**

Name(s)

IMPORTANT: SSN(S) MUST BE ENTERED BELOW.

Street or Other Mailing Address

Your Social Security Number

Spouse's Social Security No.

City

State

Zip Code

- File only if you are making a payment of estimated tax.
- Fiscal year taxpayers—see instructions.
- If your estimated tax needs to be amended, use the Amended Computation Schedule.

Use enclosed labels to mail this voucher and payment to:

NEBRASKA DEPARTMENT OF REVENUE, P.O. BOX 98911, LINCOLN, NE 68509-8911

8-014-2005

Your Nebraska standard deduction is increased by the following amount if, at the end of 2006, you are:

- An unmarried individual (single or head of household) and are:
 - 65 or older or blind..... \$1,250
 - 65 or older and blind \$2,500
- A married individual (filing jointly or separately) or a qualifying widow(er) and are:
 - 65 or older or blind..... \$1,030
 - 65 or older and blind \$2,060
 - Both spouses 65 or older \$3,090
 - Both spouses 65 or older and blind \$4,120

If married filing separately, these amounts apply only if you can claim an exemption for your spouse.